

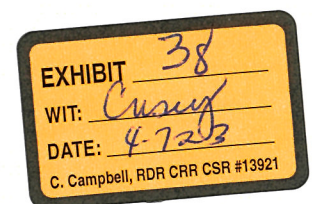
EXHIBIT 71

JPMC Corporate AML Compliance
**Human Trafficking Finance:
Nature, Scope and Control Project**

November 2010

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DRAFT**Executive Summary (including overview of results)**

Human trafficking, otherwise known as slavery, is a crime of shocking moral consequence and, according to government sources, the second largest generator of criminal proceeds worldwide.

The ultimate goal of the JPMC human trafficking initiative was to safeguard JPMC from misuse by human traffickers. Positive results were achieved, though not those necessarily anticipated at project outset.

Consistent with its overall mission, Corporate AML sought to develop systemic controls designed to detect the Firm's use for illegal activity; here as related to trafficking. Corporate AML acknowledged limitations on what the project could achieve, the principle one being that human trafficking-related financial activity often will not touch a domestic financial institution. For example, value transfers involving direct cash payments, debt bondage, and coercion generally would not touch a bank's books. Accordingly, to the extent that typologies could be identified associated with the physical movement of trafficked persons, Corporate AML decided they would be explored.

During project planning, Corporate AML expected analysis of high-risk customer peer groups (as defined by the literature review) to yield the most substantive results. To date it has not. However, as described below, during 2011 continued peer grouping efforts will be supported by the development of the Portfolio Analyzer tool.

A typology involving the use of accounts to engage in sex trade internet advertising provided the most concentrated yield. As per the literature review, entities that use cheap internet advertising to market adult services are not only likely to be engaged in illegal activity, i.e., prostitution, but present a high risk of both trafficking and juvenile sex trafficking.

Most troubling, the project uncovered nine accountholders that posted advertising abroad seeking workers to come to the U.S. for legitimate purposes while, at the same time, were advertising the sex trade in the U.S., an obvious potential bait-and-switch designed to lure people to the U.S. under false pretenses. Project execution related to this typology resulted in recommendations to exit almost 200 accounts.

The project also provided opportunities to foster stronger relationships with various law enforcement agencies, and strengthened JPMC's reputation in the law enforcement world.

Simply stated, to the extent Corporate AML's efforts helped law enforcement identify and prosecute potential human traffickers, it made

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both a valuable contribution both to the firm and to international efforts to fight human trafficking.

Specific results achieved thus far include:

- The development of a highly-successful, sustainable and repeatable surveillance typology and model to identify Consumer and Business Banking accounts involved in internet advertising potentially related to sex-trafficking

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- To date, investigations derived from the application of this typology have resulted in recommendations to exit almost 200 account relationships found to be at high risk for engaging in human trafficking activity, including juvenile sex trafficking
- Multiple opportunities to strengthen the Firm's compliance reputation with relevant law enforcement agencies, including ICE and the New York County District Attorney's Office
 - Reported actionable intelligence to law enforcement;
 - To the extent permitted by law, engaged in critical two-way information sharing with law enforcement leading to typology development;
- The creation of program-wide awareness of human trafficking issues, focusing Corporate AML analysts' attention on identifying relevant conduct.
 - Completed wide-ranging literature review to identify, assemble and document available data on human trafficking, including known methods of trafficking and the subsequent employment of trafficked labor, high-risk locations for human trafficking, transaction attributes associated with human trafficking, and the identification of industries that present a high risk of utilizing trafficked labor;
 - Recorded project learning in a document available to all investigators via HALO, ensuring that relevant information remains accessible and close at hand on a go-forward basis;
 - Received high-quality training program from law enforcement (ICE) delivered to entire AML Ops staff.
- Enhanced AML Ops staff capacity to develop, test and implement targeted, issue-based reporting and surveillance models, an effort that will facilitate future the development of future issue-based typology development.
- Reviewed specific business segments determined via the literature review to pose a heightened risk for human trafficking activity for specific types of financial activity (e.g., international wires, significant cash deposits, interstate cash activity) unusual for such business types.

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- Investigators engaged in a manual review of accountholders representative of high-risk industry types for activity indicative of human trafficking.
 - NOTE: Corporate AML anticipated that the entire project, including this component, would take about four months to complete. Instead, due in large part to the manual processes required to analyze the various business segments, the project lasted about a year, with further analysis contemplated for 2011. The variance in the expected versus actual completion time is explained in part by competing priorities within the AML program, and the absence, at the initiative's outset, of a robust data mining tool capable of permitting rapid and effective customer activity comparisons across a large population. The 2010 development of the Portfolio Analyzer should, in the hands of trained analysts, permit further and more efficient completion of the peer grouping behavior analysis work originally contemplated by the project designers.
- Led effort to draw industry attention to human trafficking as an AML-related issue, [REDACTED]
 - In May 2010, detailed preliminary human trafficking related issues at the Wolfsberg Forum in Switzerland
 - Presented specific, reproducible project findings related to sex advertisers at American Bankers Association/American Bar Association conference in Washington, DC. The presentation generated positive [REDACTED]
 - Presented project findings at financial symposium co-sponsored by the Federal Reserve Bank of New York and the New York County District Attorney's Office
 - To present project findings via video conference at the Financial Action Task Force (FATF) Plenary Session Working Group on Typologies - Money Laundering Risks Arising from the Trafficking of Human Beings to be held in November 2010 in Cape Town, South Africa

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- To present project findings at various other industry forums.

Overview of Human Trafficking

Human trafficking is broadly defined as the sale of, transportation of, or profit derived from human beings who are forced to work for others.

- Experts estimate that millions of people around the world are forced to work in servitude for the profit of others (e.g., through begging, involuntary work in the sex trade, involuntary servitude, working in sweatshops - even becoming child soldiers).
- The U.S. State Department notes that human trafficking “is a crime that deprives people of their human rights and freedoms, increases global health risks, fuels growing networks of organized crime, and can sustain levels of poverty and impede development in certain areas.” From small towns in the United States to the world’s major urban areas, human trafficking persists.
- The United Nations defines human trafficking as “the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.”

*A more detailed analysis of human trafficking is available in the AML Operations HT Overview Document, attached below at **Appendix A**. The HT Typology Development Document, attached, as **Appendix B**, and located in HALO, also serves as a detailed reference document.*

Project Development Plan

Project teams were assigned for each of the primary project components detailed below (Information Gathering, Case Analysis, Typology Development, Model Creation and Whitepaper Development), and for some of the key sub-elements within project phases (e.g., within Information gathering there were separate project teams for Literature Review, Law Enforcement Outreach and Data Mining).

***Appendix C**, attached hereto, provides a roster of project participants.*

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Project Workstream	Description
Information Gathering: Literature Review	A review of publicly-available case studies, indictments, news stories, scholarly reports and other information sources to determine how human trafficking works, in terms of both physical movements of humans and use of the labor of trafficked persons, with particular attention paid to points of potential intersection between human trafficking operations and the financial services sector
Information Gathering: Law Enforcement Outreach	Coordinated meetings with local and federal law enforcement offices to discuss human trafficking typologies
Information Gathering: Data Mining	Based on initial findings from the Literature Review workstream and the Law Enforcement Outreach workstream, initial reports were developed to analyze financial activity for customers: 1) in targeted business types found to have a heightened risk for involvement in human trafficking-related activity, and 2) displaying certain behavioral trends known to be associated with human trafficking.
Case Analysis	Case analysis of the initial results from the review of targeted heightened-human trafficking risk business types was limited in scope, but may be resumed in 2011; Case analysis of known human trafficking-related account behavior types was significantly more extensive, resulting in multiple relationship exists and [REDACTED]
Typology Development	While further typology development work may be done in linking particular business types exhibiting specific behavior to potential human trafficking activity, the productive typologies developed to date were primarily the result of contact with Law Enforcement, and relate to identifying business customers exhibiting certain behaviors known to be highly correlated with human trafficking activity
Model Creation	With the exception of modeling efforts tied to the internet sex advertising project component, model creation to date has been limited to ad hoc reporting, due to the need

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	to pair behavior types to previously-determined key words in running a query; automated monitoring model development may be possible following a more thorough and systematic review of activity associated with heightened-risk business types, which may permit the development of surveillance models linking customer type and account behavior to potential human trafficking activity
Implementation of Recommendations	Recommendations (including targeted training and awareness efforts, report development and increased law enforcement contact) are being implemented on a rolling basis

Information Gathering

The information gathering workstream was designed to determine general and specific methods and instances of human trafficking and the exploitation of forced labor, particularly with respect to elements of these activities that touch the financial services industry. All three of the workstream sub-components were to refer to the areas of interest when determining both relevant information sources and the most appropriate system for categorizing findings.

Literature review

This sub-workstream was responsible for reviewing public information related to criminal prosecutions (including press releases and accusatory instruments - both foreign and domestic), news items, public reports (U.N., NGOs etc.), financial services industry information, and other available information resources to develop an understanding of the nature and scope of human trafficking. Of particular importance was an attempt to determine current methods of processing and laundering funds derived from human trafficking and the exploitation of forced labor. Results (attached at **Appendix D**) were used to identify business types posing a heightened risk for human trafficking-related activity - primarily businesses in non-unionized sectors where wages represent the majority of operating costs and the work is relatively low-skilled or manual in nature.

Law Enforcement (and other) Outreach

This sub-workstream was responsible for initiating and developing contact with appropriate law enforcement agencies and offices to develop current methods of processing and laundering funds derived

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from human trafficking and the exploitation of forced labor (typologies), as well as to obtain intelligence as to specific individuals, entities or geographical areas particularly at risk for this type of activity.

A. Law Enforcement and other outreach

Corporate AML representatives met on multiple occasions with senior level representatives of Immigration and Customs Enforcement (ICE) and the New York County District Attorney's Office (DANY)

- i. ICE officials provided Corporate AML information about current methods of human trafficking/smuggling and financial transactions associated with such methods; **Redacted - Privileged**
Redacted - Privileged
Redacted - Privileged (see Appendix E);

- ii. ICE officials provided the firm a list of names under investigation, not yet associated with a public prosecution;

- iii. **Redacted - Privileged**

- iv. DANY officials provided information about sex advertising methods and entities, including JPMC accountholders, resulting in account closures and SAR filings (a follow-up internal media review led to the development of the internet sex advertising typology and surveillance model);

- v. DANY officials provided information about credit card payment patterns by entities engaged in sex businesses at high risk for human trafficking (currently the subject of both ongoing investigations and data mining);

- vi. ICE officials conducted a Corporate AML Ops-wide training on current methods of human trafficking/smuggling (see Appendix F [internal use only]);

- vii. JPMC officials attended conference at the Univeristy of Toronto: Commodification of Illicit Flows: Labor

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Migration, Trafficking and Business (see **Appendix M**);

- viii. JPMC representatives presented an overview of the principles underlying issue-based AML investigations, including a preliminary outline of human trafficking findings at a Border Enforcement seminar with ICE and Border Patrol representatives;
- ix. In May 2010, detailed preliminary human trafficking related issues at the Wolfsberg Forum in Switzerland (see **Appendix G**);
- x. JPMC and ICE representatives conducted a joint presentation on current methods of human trafficking/smuggling, and to-date results of the human trafficking project at the October 2010 ABA/ABA conference (see **Appendix H**);
- xi. JPMC representatives presented project findings and information about human trafficking at a financial symposium hosted by New York County District Attorney's Office and the Federal Reserve Bank of New York.

B. Information Gathering Meetings with NGOs and other private sources

- i. **Initial Outreach: Private Source - A Rescued Sex Trafficked Individual:** At project outset, Corporate AML representatives met with a rescued sex trafficking victim who now dedicates her life to helping trafficking victims. Meeting face-to-face with a true victim, who lost her childhood and young adult life to forced commercial sex, was shocking, and drove home the real-life repercussions of the crime. In addition, however, the source also explained how she came to organize the financial operations of the same ring that exploited her, and provided multiple insights into how sex trafficking rings conduct business. According to the source, when trafficked women fail to generate profit working in the sex trade, pimps may transition them into operational support roles. A key support role is known in the industry as a "Bottom Girl". The source worked as a Bottom Girl. Her duties included handling the operation's finances, logistics and sales functions, including posting advertisements on Craigslist and

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Backpage.com. She also reported that larger operations typically open up 9 or more DDA accounts using the Bottom Girl's pedigree information, often at various banks and in multiple states. Notably, she stated that the ring targeted bankers who could be enticed to "look the other way" when taking cash deposits. The source also stated that typical operations used stored value cards to pay expenses, and that upscale operations incurred expenses such as jewelry, lingerie, cosmetics, sex toys as well as airlines, hotels, casinos, ground transportation services, sporting events and concerts. Further, she stated that operational proceeds were generally deposited in round-dollar increments ranging from \$300 to \$500, but up to \$1,500, representing hourly and nightly earnings, respectively. A typical weekend would generate about \$10,000. The source also reported that a typical operation required assistance from other business sectors, e.g., real estate agents to house women in vacant properties, hotel owners to provide rooms for sex acts, limo services to provide transportation, and doctors to supply medical services. In sum, the source provided solid leads regarding how sex trafficking rings operate, and what financial services they require.

- ii. Members of the Central Ohio Rescue and Restore Coalition provided information on local outreach programs, including 24-hour response to victims, in conjunction with the Salvation Army, law enforcement training in conjunction with the Ohio Attorney General's office, and public awareness events such as information flyers, film screenings and fundraisers. Members of the Office of Ohio State Senator Teresa Fedor provided information on trafficking specific trends in legislation.
- iii. As part of a panel discussion on trafficking sponsored by the Ohio State University, members of the Polaris Project provided information on the efforts and successes of its and other US and foreign non-governmental organizations including Polaris' creation of the primary national hotline to report trafficking activity. Other panelists, members of the OSU faculty and staff, provided the results of their research on how NGO networks in conjunction with others from the civil society impact public awareness and enforcement/legislative initiatives.

DRAFT***Transaction / Customer Data Mining***

Based on findings (general transactional or customer-based typologies and specific entities / individual involved in these activities) from the Literature Review and initial Law Enforcement Outreach efforts, this sub-element reviewed JPMC customer and transactional data to determine the nature and extent of our exposure to this type of business.

A. Peer Grouping: AML Ops investigators performed peer grouping transactional analysis on customers from 45 different business types identified by the literature review to pose a heightened risk for human trafficking activity (see **Appendix I**). The primary focus was on customers in heightened-risk business sectors engaging in one or more types of higher-risk financial activity (primarily significant cash activity and/or cross-border wire activity).

a. Customer-types included industries associated with agriculture (e.g., poultry processing, fruit and nut tree farming, sawmills, fresh and frozen seafood processing), services (tour operators, janitorial services, nail salons, landscaping services), and textiles (e.g., fabric coating mills, textile and fabric finishing, hat, cap and millery manufacturing). The analysis for each industry sub-type was The preliminary results of the peer grouping review were, in spite of one-off investigations and filings (see below for detailed results), generally inconclusive; a more effective approach to peer group transactional analysis has been developed subsequent to this initial work (the Portfolio Analyzer), and it is anticipated that additional peer grouping analysis for heightened-risk business types may be conducted in 2011.

B. Sex advertisers: Corporate literature reviews, conversations with law enforcement, the above-referenced conversations with a private source, and criminal indictment reviews revealed that low-priced illegal prostitution services, such as those advertised on Craigslist.com¹ and other internet classified advertisement-type services, present a high risk for human trafficking and juvenile sex trafficking. For example, an April 25, 2010 New York Times article² reported that sex advertising

¹ Craigslist.com is an open source of local classified ads in about 70 countries that currently posts about 50 million new ads per month; its customers can post and review employment opportunities, sales of goods, personal ads, discussion forums, community events, and varied services. Craigslist offers primarily free postings, with a few minor exceptions by state or city; current fee schedules center around job postings in 18 cities, brokered apartment rentals, and adult services. Craigslist accepts both credit card payments per ad, and also bulk ads by check payment.

² <http://www.nytimes.com/2010/04/26/technology/26craigslist.html?pagewanted=all>

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revenue for Craigslist in 2010 was projected to be \$36 million in 2010. Further research revealed that Craigslist sex advertisements cost between \$5 and \$10, and may be paid only by credit and debit cards. Subsequently, a data-mining initiative identified accountholders that made multiple debit card payments to Craigslist.

- C. **Ongoing analysis:** Following conversations with Law Enforcement, Corporate AML began ongoing work with Chase Paymentech to develop reports to identify merchant customers that engage in a high-volume of late night/early morning round dollar transactions. Law Enforcement represented that the typology was consistent with the sex trade, which itself presents a high risk of human trafficking. Successful development of such reports should enable Corporate AML and Paymentech to develop proactive monitoring models designed to detect merchant activity that carries a high risk of being related to human trafficking.

DRAFT***Case Analysis***

Investigations staff was assigned to work individual cases derived from all three elements of the Information Gathering phase. The Phase Lead, in coordination with case investigators, organized touchpoint meetings to discuss common typologies and share investigatory leads, and [REDACTED] The Phase Lead also helped create initial and supplemental models for other workstreams. In addition, the Phase Lead coordinated with the Leads for both of these areas to identify additional areas of interest based on the ongoing work of the Case Analysis. Investigators will continue to work cases in furtherance of this Model, to the extent described below.

A. Peer Groups Results

- a. developed case analysis protocol governing investigation of 45 separate peer groups (e.g., Beauty Salons, Animal Slaughtering, Janitorial Services)(see Appendix J).
- b. executed case analysis memo attached, resulting in analyses of industry sub-types, each analysis recorded in HALO (see Appendix I);
- c. [REDACTED]
[REDACTED] none presented specific red flags associated with human trafficking.

B. Internet Advertising Results

In June 2010, AML Operations mined debit card points of sale to Craigslist.com to better detect Chase accounts that possibly facilitate illegal sexual commerce. AML Ops created a dataset for this analysis that consisted of frequent transactors to Craigslist coupled with additional financial transactions or customer profile attributes that might further narrow the population and therefore help to build sustainable monitoring strategies.

The review disclosed that 83%, or 191, of the 230 accounts belonging to 176 individual customers exhibited reproducible transactional patterns of interest for the human trafficking typology. AML Operations had existing, active cases on 12 of the customers. The remaining 164 had attributes that fit into the following three categories: 1) customers with internet ties to the sex trade; 2) consumer accounts with extensive cash deposits that fund payments to Craigslist; and 3) business

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accounts in industries more easily exploitable by traffickers. See Appendix A for details of the investigation results. In some cases, a customer might fit into all three categories. The account population for the project consisted of Retail customers, both businesses and consumers, with over 100 payments by volume made via merchant points of sale between 02/01/2010 to 04/29/2010 to Craigslist.com. Customer inclusion in the population was not deemed inherently suspicious or indicative of any illegality, until a further review was conducted. Work papers for this review are maintained under AML Terrorist Financing Case 393628 (JULY 2010 USER CREATED ALERTS - CRAIGSLIST).

A portfolio review of this base of accounts disclosed the following:

- 164 accounts hosted activity deemed of interest for typology review, and therefore escalated for further review in sets of issue based investigations;
 - 30 accounts were cleared as normal and expected (for example, a CB client with available public information and Know your Customer documentation held on file, with a nationally based delivery service, with viewable posting for jobs on Craigslist in varied cities for door to door delivery service, with robust account usage);
 - 15 accounts were cleared as being a secondary account of one all ready categorized in one of the three issue based investigations. AML Ops reviewed the duplicate account's transactions for financial patterning, but excluded the account to avoid an inflation of totals;
 - 12 had existing HALO cases for similar alerting account activity;
 - 6 accounts were closed or charged off, and therefore not deemed of interest; and
 - 3 had activity outside of the scope of the intent of this review, but deemed of possible interest to AML and sent to RFS-IU for further investigation (for example, a New York based consumer customer with primary funding from related accounts, where uses are payments to craigslist

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and cash withdrawals in NY; standalone investigation due to possible ties to "Google ad scams)(see Appendix K).

C. Law Enforcement Generated Case Results

- In all, [REDACTED]

- ICE provided JPMC a list of individuals, a list of addresses, and a list containing other pedigree information related to pending ICE investigations. Reviews of the Chase customers named by ICE as persons of interest in ongoing investigations into human trafficking and smuggling revealed nominal financial transactions by value, but favorable reinforcement of our current internal typology development (i.e. interstate cash activity, peer reviews of industries more easily exploitable by traffickers, extensive payments by volume to Craigslist.com, higher than average payments for gas, utilities, or travel.) Insignificant financial transactions will make non-law enforcement guided monitoring for similar activity difficult; see Appendix L)

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- DANY - the above-referenced DANY meetings generated information about three JPMC accountholders, [REDACTED] all conducting either internet advertising business related to the sex trade, including advertisements containing red flags associated with juvenile sex trafficking, or were themselves appeared to be engaged in the sex trade.

D. **Media:** Review of public information related to human trafficking, including criminal indictments, [REDACTED]

E. **Multiple Accounts:** In response to information provided by the above-referenced private source, JPMC mined customer data to identify individuals that maintained more than 9 accounts. Analysis identified two matters, involving nail salons and

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individuals potentially engaged in the sex trade, but broader analysis of the data failed to identify patterns consistent with either human trafficking or, more generally, [REDACTED]

- F. Cases generated resulting from issue sensitivity: Several one-off cases were generated as a result of staff orientation to the human trafficking issue, [REDACTED] and account closures.
- G. Example of HT cases involving interstate case: In 2005, JPMC identified a trend of internal branch referrals referencing suspicious out-of-State (e.g. Ohio, Illinois) cash deposits being made by non-accountholders to newly established Arizona based accounts. The cash was then withdrawn in Arizona by the accountholder. JPMC has closely partnered with ICE and the Phoenix Police Department since 2005, which has resulted in multiple seizure warrants and arrests. Law enforcement has confirmed the majority of the accounts opened in Arizona used for moving cash across the U.S. are linked to drug trafficking and human smuggling, which can lead to human trafficking.

AML Ops conducted additional analysis to determine if there was a consistent pattern that could be used to build a transaction monitoring strategy. The analysis identified the following pattern:

- Consumer accounts
- Date of initial out-of-State cash deposit was within days of the account open date.
- Cash-in to cash-out ration near 1:1 for any given month.
- Opening deposit amount: \$25-\$100.
- Deposits never exceeded \$10,000 and were typically between \$2,000-\$5,000.

In September 2007, transaction monitoring logic was built targeting new accounts opened in Arizona with cash-in/cash-out ratios near 1:1. In August 2008, we added Texas based accounts to our report. As of February 2010, [REDACTED]

[REDACTED] with the Arizona and Texas based accounts. These figures only apply to the accounts identified via the automated transaction monitoring. In 2009, JPMC conducted further analysis to determine if additional border states (e.g. California and Florida) should be included in the monitoring strategy. Based on our findings, the decision was made to expand the monitoring to California and Florida and is expected to go into production in November 2010. JPMC is also exploring expanding the interstate

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cash monitoring to established accounts and business banking accounts and evaluating the need to monitor intrastate activity.

Large financial institutions that allow cross-State transactions will continue to be used by money launders to move funds across the U.S. with minimal fees and identification requirements. These funnel accounts are typically established for the sole purpose to move cash across the U.S. within minutes, a service that is typically done via a money service business (e.g. Western Union). However, money launders have realized funnel accounts allow them to avoid presenting identification to make a deposit (if lower than the Currency Transaction Report reporting requirements) no money transfer fees exist, and people can make a deposit at any branch within the financial institution's footprint.

Interstate cash activity is also being used in the commercial sex trade industry. Accounts have been identified (e.g. escort services / massage parlors) receiving out-of-State cash deposits by prostitutes, some under 18 years old, and by pimps/madams. Often the deposits were between \$100-\$1,000 at various branches (both interstate and intrastate). This pattern of cross-border cash movement has also been documented in numerous criminal complaints, however, money service businesses were used in those cases.

Typology Development

Based in part on an analysis of the results of the Information Gathering and Case Analysis workstreams, this project team developed a document (see Appenix A), now available to all Corporate AML investigators on HALO, that provides information about human trafficking typologies related to both customer types and customer behaviors. The document's component parts include, but are not limited to, customer type, geography and transactional activity. It is designed to provide Corporate AML analysts and investigators with various means to identify customers and customer activity that may be related to human trafficking or the exploitation of forced labor.

The published memorandum 1) developed findings as to the viability of the initial data mining methodologies; 2) developed process or typology refinements that could produce superior results; and 3) identified areas for additional Information Gathering component work (including supplemental data mining exercises such as the above-referenced internet sex advertising project) Such typologies informed the model creation workstream, involving the development of automated

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monitoring and/or manual reporting models designed to detect such customers and their activity, and played a significant role in the recommendations provided below.

Model Creation

This phase involved the development of automated monitoring and/or manual reporting models designed to detect customers and customer activity that could potentially be related to human trafficking or the exploitation of forced labor. The group used the findings from the internet sex advertising project to recommend the development of portfolio analysis tools and systems designed to detect this sort of activity.

Implementation of Recommendations

It is expected that, based on the results of this project as well as associated recommendations for modifications to our risk control framework, Corporate AML will work within itself as well as with the LOBs to enhance or modify our AML program environment as needed to prevent the abuse of our institution by human traffickers and those who exploit the labor of trafficked persons.

Recommendations are as follows:

- a. Automated monitoring involving sex advertisers, including a risk-based assessment regarding whether new monitoring provides more efficient coverage of risk than existing processes (details to be finalized in consultation with relevant stakeholders);
- b. Continued peer group analysis utilizing the Portfolio Analyzer should be conducted following that tool's development and implementation;

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- c. Regular (monthly) systematic searches for media detailing human trafficking-related issues and criminal prosecution, both domestic and international, should be conducted by FIU staff, with results recorded on HALO;
- d. Regular meetings to be conducted with relevant law enforcement authorities to exchange information about developing human trafficking-related typologies, methods, and potential exposure to developing law enforcement-driven investigations; and,
- e. Regular (annual) training (utilizing both internal and external resources) and a results call should be delivered to Corporate AML by the FIU in order to maintain issue sensitivity.
- f. Further data mining and research involving Paymentech data, i.e., merchant transaction activity involving particular merchants during off-hours (12:00am - 8:00am).